

AUG 17 2001

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE
BY CB

In the Matter of:

**EVAN DAHL EDWARDS and
ESTATE PLANNING SERVICES, L.L.C.**

Respondents.

No. 01A-198 - INS

CONSENT ORDER

The State of Arizona Department of Insurance ("Department"), has received evidence that Evan Dahl Edwards and Estate Planning Services, L.L.C., ("Respondents") violated provisions of Title 20, Arizona Revised Statutes. Respondents wish to resolve this matter without the commencement of formal proceedings, and admit the following Findings of Fact are true and consent to entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Evan Dahl Edwards (Edwards) is, and was at all material times licensed to transact life and disability insurance, Arizona license number 18472, which license expires March 31, 2003.

2. Estate Planning Services, L.L.C. (EPS) is, and was at all material times licensed to transact life and disability insurance as an agency, Arizona license number 76777, which license expires May 31, 2003. Edwards is a Manager of EPS.

3. Respondents provide estate planning services and sell revocable living trusts and various insurance products.

4. Respondents employ both licensed and unlicensed sales persons to solicit new business clients on Respondents' behalf. No license is required to sell revocable living trusts.

5. Respondents' practice was to use the unlicensed salespeople sell revocable living trusts on Respondents' behalf. The trust documents were then delivered by a licensed insurance agent who

1 offers various annuities to the client. The unlicensed sales person who sold the revocable living trust
2 was paid a "bonus" if the client later purchased an annuity from Respondents or from one of
3 Respondents' licensed insurance agents.

4 6. Respondents represented to the Department that "bonuses" paid to unlicensed sales
5 persons were not in payment for the sale of any annuity and therefore did not constitute the sharing of
6 commissions. Respondents represented to the Department that they have ceased to pay "bonuses" to
7 unlicensed sales persons.

8 **COUNT I**

9 7. In and around June through September 2000, Respondents contracted with Nelson
10 Hillard (Hillard) to sell revocable living trusts (RLT). Hillard was not licensed as an insurance agent at
11 any material time. Hillard was paid a 1% bonus when Respondents or their agents sold an annuity to a
12 client to whom Hillard had sold a RLT.

13 8. On or about June 26, 2000, Hillard sold a RLT to Harmon. Respondents subsequently
14 sold an annuity underwritten by Oxford Life Insurance Company (Oxford) to Harmon on or about
15 August 22, 2000 at a premium of \$138,812.93. On or about August 28, 2000, Respondents paid a
16 bonus of \$1,388.13 to Hillard.

17 9. On or about June 17, 2000, Hillard sold a RLT to Edwards. Respondents' subsequently
18 sold an annuity underwritten by Oxford to Edwards on or about August 18, 2000 at a premium of
19 \$106,021.60. On or about August 28, 2000, Respondents paid a bonus of \$1,060.21 to Hillard.

20 10. On or about July 7, 2000, Hillard sold a RLT to Fahs. One of Respondents' agents
21 subsequently sold an annuity underwritten by Oxford to Fahs on or about August 7, 2000 at a premium
22 of \$26,625.21. On or about August 28, 2000, Respondents paid a bonus of \$266.25 to Hillard.

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2 **COUNT II**

3 11. Respondents contracted with Gerald Lilley (Lilley) to sell RLTs. Lilley's life and
4 disability agent license was revoked via consent order on June 24, 1998, Docket No. 97A-166-INS.
5 Lilley applied for a license on October 6, 1999 and, after a hearing, Lilley's application was denied on
6 February 2, 2000, Docket No. 99A-254-INS.

7 12. From and about January 13, 2000 through October 23, 2000, Respondents paid bonuses
8 to Lilley of 4% of the premium on the sale of seven annuities sold to clients to whom Lilley had
9 previously sold RLTs.

10 a. On or about January 25, 2000, Respondents sold an annuity underwritten by Oxford
11 to Lehr at a premium of \$32,873.65. On or about February 7, 2000, Respondents
12 paid a bonus of \$1,446.43 to Lilley.

13 b. On or about February 14, 2000, Respondents sold an annuity underwritten by Oxford
14 to Thompson at a premium of \$32,726.26. On or about February 21, 2000,
15 Respondents paid a bonus of \$1,309.35 to Lilley.

16 c. On or about February 14, 2000, Respondents sold an annuity underwritten by Oxford
17 to Thompson at premium of \$70,935.50. On or about February 21, 2000,
18 Respondents paid a bonus of \$2,837.42 to Lilley.

19 d. On or about February 23, 2000, Respondents sold an annuity underwritten by Oxford
20 to Stewart at premiums totaling \$41,000. On or about February 28, 2000,
21 Respondents paid a bonus of \$1,640 to Lilley.
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23
24

1 e. On or about June 13 and June 14, 2000, Respondents sold two annuities underwritten
2 by Oxford to Taylor for premiums totaling \$111,122.65. On or about June 19, 2000,
3 Respondents paid a bonus of \$4,444.91 to Lilley.

4 f. On or about May 25, 2000, Respondents sold an annuity underwritten by Oxford to
5 Decker at a premium of \$10,346.63. On or about July 7, 2000, Respondents paid a
6 bonus of \$413.87 to Lilley.

7 g. On or about August 11, 2000, Respondents sold an annuity underwritten by Oxford
8 to Martini at a premium of \$336,494.31. On or about August 24, 2000, Respondents
9 paid a bonus of \$13,497.77 to Lilley.

10 **COUNT III**

11 13. Respondents contracted with Karl Powell (Powell) to sell RLTs. Powell was not licensed as
12 an insurance agent at any material time.

13 14. From and about January 14, 2000 through October 23, 2000, Respondents paid bonuses of
14 1% of the premium on the sale of three annuities sold to clients to whom Powell had previously sold
15 RLTs.

16 a. On or about March 2, 2000, Respondents sold an annuity underwritten by Oxford to
17 Morgan at a premium of \$10,000. On or about March 13, 2000, Respondents paid a
18 bonus of \$100 to Powell.

19 b. On or about September 28, 2000, Respondents sold an annuity underwritten by
20 Oxford to Leu at a premium of \$25,000. On or about October 9, 2000, Respondents
21 paid a bonus of \$250 to Powell.

22 c. On or about April 27, 2000, one of Respondents' agents sold an annuity underwritten
23 by American Investors Life Insurance Company to Hoyt at a premium of
24

1 \$22,739.48. On or about April 28, 2000, Respondents paid a bonus of \$227.39 to
2 Powell.

3 **CONCLUSIONS OF LAW**

4 1. The Director has jurisdiction over this matter.

5 2. Respondents' conduct constitutes the sharing of commission or other compensation
6 received on account of transactions under the license with any person who is not also licensed, within
7 the meaning of A.R.S. §20-311(B).

8 3. Grounds exist for the Director to suspend, revoke, or refuse to renew Respondent's
9 insurance licenses, impose a civil penalty, and/order restitution pursuant to A.R.S. §§20-316(A) and 20-
10 316(C).

11 **ORDER**

12 IT IS HEREBY ORDERED THAT:

13 1. Respondents shall immediately cease and desist sharing commissions with unlicensed
14 individuals.

15 2. Respondents shall pay a civil penalty of two thousand dollars (\$2,000) to the Director
16 payable upon the entry of this Order for remission to the State Treasurer for deposit in the State General
17 Fund.

18 DATED AND EFFECTIVE this 14th day of August, 2001.

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21 CHARLES R. COHEN
22 Director of Insurance
23
24

1 **CONSENT TO ORDER**

2 1. Respondents have reviewed the foregoing Findings of Fact, Conclusions of Law and
3 Order.


4 2. Respondents admit the jurisdiction of the Director of Insurance, State of Arizona, and
5 admit the foregoing Findings of Fact and consent to the entry of the foregoing Conclusions of Law and
6 Order.

7 3. Respondents are aware of their right to notice and a hearing at which they may be
8 represented by counsel, present evidence and examine witnesses. Respondents irrevocably waive their
9 right to such notice and hearing and to any court appeals relating to this Consent Order.

10 4. Respondents state that no promise of any kind or nature whatsoever, except as expressly
11 contained in this Consent Order, was made to them to induce them to enter into this Consent Order and
12 that they have entered into this Consent Order voluntarily.

13 5. Respondents acknowledge that the acceptance of this Consent Order by the Director is
14 solely to settle this matter against them and does not preclude any other agency, officer, or subdivision
15 of this state from instituting civil or criminal proceedings as may be appropriate now or in the future.

16
17 8 8 01
Date


Evan Dahl Edwards
License Number 18472

18
19 8 8 01
Date


EstatePlanning Services, L.L.C.
License Number 76777

20
21 By Its _____
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1 COPIES of the foregoing mailed/delivered
2 this 17th day of August, 2001, to:

3 Evan Dahl Edwards
4 Estate Planning Services, L.L.C.
5 10443 North Cave Creek Road, #108
6 Phoenix, Arizona 85020

7 American Equity Investment Life Insurance Company
8 P. O. Box 71216
9 Des Moines, IA 50325-1216

10 American Investors Life Insurance Company
11 P. O. Box 2039
12 Topeka, KS 66601-2039

13 American Republic Insurance Company
14 P. O. Box 1
15 Des Moines, IA 50301

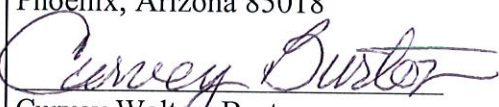
16 London Pacific Life & Annuity Company
17 3109 Poplarwood Court, Suite 108
18 Raleigh, NC 27604

19 Mutual of Omaha Insurance Company
20 Mutual of Omaha Plaza
21 Omaha, NE 68175

22 Oxford Life Insurance Company
23 2721 North Central Avenue
24 Phoenix, AZ 85004

United American Insurance Company
3700 Stonebridge Drive
McKinney, TX 75070

Gerrie L. Marks, Executive Assistant for Regulatory Affairs
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